

Luma decides to invest \$90 monthly from age 12 until she is 18. How much will her college fund earn at 3.8%/a compounded monthly?

$$A = \frac{R[(1+i)^n - 1]}{i}$$

Verify your answer using the TVM Solver

N=
I%=
PV=
PMT=
FV=
P/Y=
C/Y=
PMT= END

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$$A = \frac{R[(1+i)^n - 1]}{i}$$

$A = ?$
 $R = 90$
 $i = 0.038/12$
 $n = 6 \times 12$
 72

$$A = \frac{90[(1+0.0032)^{72} - 1]}{0.0032}$$
$$= \frac{90[(1.0032)^{72} - 1]}{0.0032}$$
$$= \frac{90[1.260036 - 1]}{0.0032}$$
$$= \frac{90[0.260036]}{0.0032}$$
$$= \frac{23.40324}{0.0032}$$
$$= 7274.26$$

Verify your answer using the TVM Solver

N= $6 \times 12 = 72$
I%= 3.8
PV= 0
PMT= 90
FV= 12
P/Y= 12
C/Y=
PMT= END

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